

**Town of Skowhegan  
Housing Program  
Single Family Guidelines**

**Single Family Guidelines**

PURPOSES OF REHABILITATION LOANS

EXEMPT: NO LOAN OR GRANT WILL BE GIVEN TO ANY CHURCH OWNED PROPERTY

**I)The necessity of this Rehabilitation Program is based upon the following:**

- A) Townwide Project - Homes that need rehabilitation have been identified in all sections of Town
- B) A significant number of homes are owned and occupied by elderly and/or low income families living on fixed incomes.
- C) The average personal income of many of the residents has not kept pace with the rising cost of home maintenance.
- D) Most of these housing units were built prior to 1950 and lack sufficient insulation, resulting in wasted energy and high fuel bills.

Therefore, it is the purpose of the Rehabilitation Program to assist property owners living in the area in their efforts to provide safe, decent and sanitary living units for themselves, and their families and to make their homes more energy efficient.

**II) Structure of Program:**

Loans will be given under the following conditions:

- A) The Community Development Advisory Board will decide at time of eligibility determination, if project will be a straight loan or a deferred loan.
  - 1) For all types of loans- Interest will be for a maximum of 4% - board will determine actual percentage.
  - 2) Deferred loans- No payments until time of change in ownership, sale, transfer, assignment of property or owner does not maintain primary residence within the home. Then the note becomes payable within terms of loan.
    - a) Elderly (Head of Household) with income below 100% of Very Low income & Families with income below 50% of Very Low income for family size are eligible for Deferred Loans with 2% interest.
    - b) Families with income below 100% of Very Low income for family size are eligible for Deferred Loans with 4% interest.
  - 3) Deferred -

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THERE IS AN EXTREME LIMITED AMOUNT OF FUNDS FOR THIS SECTION OF THE PROGRAM.

In certain cases the board has the ability to grant deferred loans. If the home is sold or transferred, the homeowner or estate of the homeowner will be required to pay back the Town of Skowhegan.

Requirements - The household has to meet at least two of the following;

- a) Has to be elderly, head of household (The property is in their name).
- b) Medical problems in the family, with over 20% of the family income going to cover the medical costs.
- c) The property valuation to project cost ratio is over 90%. An example of this is if the house is valued at \$10,000 and the project cost is \$9,500 then the ratio is 95% and would allow the applicant to qualify for this requirement.
- d) Debt ratio-If the household debt ratio is over 40% of the household income. An example of this is if the household income is \$10,000 and the household has a debt of \$4,000, this would allow the applicant to qualify for this requirement.

4) Straight loans - payments will be made monthly and will be for a maximum of 15 yrs.

- a) Elderly (Head of Household) with income below 50% of Low income for family size are eligible for straight loan with 0% interest.
- b) Families with income below 50% of Low income for family size are eligible for Straight Loans with 2% interest.
- c) Elderly (Head of Household) with income below 100% of Low income, for family size are eligible for a straight loan with 2% interest.
- d) Families with income below 100% of Low income for family size are eligible for Straight Loans with 4% interest.

5) All loans (deferred and straight) become payable upon sale, transfer or assignment of property within terms of loan.

**III) Administration and Processing of Loan Applications:**

- A) The Chief Administrator of this program shall be the Program Director, whose duties include daily administration of the Program, including financial, personal and other authority that is necessary to insure that the program proceeds smoothly.
- B) Application forms and information will be made available to all those interested upon written request. Applications will be taken at the Skowhegan Community Development Office or when necessary at the applicant's home. No application will be reviewed until a complete

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application is received along with all verifications of income, ownership, insurance and credit history.

- C) An inspection will be made by the Rehab Tech, accompanied by the owner, to determine the extent and nature of the repairs that are needed to bring the home up to minimum property standards and make the house more efficient.
  
- D) Work specifications shall be drawn up by the Rehab Technician. Then reviewed and signed by the Program Director and homeowner to insure that all are in agreement and understand the work scope of the project.
  
- E) The application, work specs and other necessary information are presented to the Community Development Advisory Board (CD Advisory Board) for their consideration. The CD Advisory Board will then approve or disapprove the application.
  
- F) Upon approval of an application, the work specs will be submitted to all approved contractors or at least a minimum of three or more approved contractors for that specific trade by the Rehab Tech for bidding purposes.
  
- G) When all bids have been submitted, the CD Advisory Board will make the determination of who gets the job. Contracts will normally go to the low bidder.
  
- H) Once the contract is awarded, the Program Director, contractor, Rehab Tech, and homeowner will meet and review the scope of work, time period agreed to and if no problems, sign the contract. Once the contract is signed, there can be no changes, unless specifically authorized by the Program Director and Homeowner. All changes over five hundred (\$500) dollars have to be approved by the Skowhegan CD Advisory Board.
  
- I) Once the Contract is signed, the preliminary promissory note and CD Mortgage Deed is also signed by the client. This is updated at the close of the project subject to any change orders during the project.
  
- J) The Rehab Tech will inspect work to insure that all codes are being followed and that the scope of work is being followed. If the homeowner has any complaints or problems they are to inform the CD Office right away. Only the CD Office has the authority over the contractor and is responsible for insuring that work is performed as specified.
  
- K) If a homeowner does not feel their complaints have been acted upon within a reasonable amount of time by the Rehab Tech, they should contact the Program Director at 474-6905, and if after a reasonable time the matter is not taken care of they should contact the CD Advisory Board. If the homeowner still has a problem they can contact the Town Manager about the situation. If the homeowner still feels that the Town Manager has not done enough about their complaint, then they should then go to the Board of Selectmen.
  
- L) If the rehab work is to take longer than 2 weeks, a contractor can request a partial payment for work so far completed. This payment is not to exceed 75% of the total contract and must be approved by the Program Director.
  
- M) When the contractor makes a request for final payment, the Rehab Tech will inspect the premises to determine compliance with the contract provisions. When the homeowner and Rehab Tech have indicated their approval for the work performed, the Program Director

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shall authorize final payment to be made by check to the contractor, countersigned by the homeowner and contractor.

- N) If the work has been accomplished in a satisfactory manner and in compliance with the contract, and the completed work has been approved by the Rehab Tech, but the homeowner refused to endorse the contractor's check, without apparent cause, then the Program Director shall attempt to mediate the conflict and if it is determined that the homeowner is unjustified in refusing to endorse the check, the Director shall authorize payment to be made by check written to the contractor alone.
- O) Amendments- All general conditions listed 1-18 under the contract between homeowner and contractor will be followed.

**IV) Priorities:**

Housing units which pose an imminent threat to the general safety and welfare of the occupants, as determined by the Code Enforcement Officer and/or Fire Chief, will receive top priority. Otherwise, selection of applicants for inspection by the Rehab Tech will be made in the following order from the complete application on file at the Community Development Office;

- 1) Elderly disabled
- 2) Elderly, non- disabled
- 3) Family disabled
- 4) 1 person family disabled
- 5) Family non - disabled
- 6) Others

**V) Eligibility Requirements:**

A) Income Requirements

Applicant income levels shall not exceed the levels established by HUD for the Section 8 Existing Housing Payments Program. These levels shall remain in effect until such time as HUD amends them.

County: Somerset  
FY 1996 Median Family Income \$31,200 for family of 4

	1 Person	2 Person	3 Person	4Person	5person
V.L. income	11,950	13,650	15,350	17,050	18,400
Low Income	19,100	21,800	24,550	27,300	29,450

**VI) Income Verification:**

Applicant income shall include all earned income from any household member at least nineteen (19) years old and all unearned income regardless of age. This includes all assistance checks received by any members of the household, as well as pensions, interest earned on assets and any other source of income received.

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Applicant will supply verification of income with a signed verification of employment (attached), or signed sheet from other sources of income. (Take to employer or other sources of income and have them fill out the form and sign, then attach to application). Applicants must also submit a copy of property deed/ownership papers and copy of proof of property insurance.

Applicant will also supply a copy of their credit report. This can be obtained by using attached sheet called Free Annual Credit Check, which takes approximately two weeks, so do as soon as possible.

**VII) Application Restrictions:**

- A) All property taxes on the property must be paid in full.
- B) The Homeowner must have owned the home that is to be worked on for at least six months, or request waiver of six month ownership.
- C) Subject property cannot be over \$75,000 in assessed valuation as determined by the Board of Assessors.
- D) The total assets of a household cannot exceed \$15,000. This does not include house valuation and one vehicle of no more than \$8,000 value.
- E) Homeowner must carry and maintain Homeowner and Flood insurance (if required) on the home.
- F) At no time will owner's debt load be more than 90% of home value;

**VIII) Terms and Conditions:**

LET IT BE KNOWN TO ALL PERSONS OF THE Town of Skowhegan that discrimination in the sale, rental, leasing, financing of housing or land to be used for construction of housing, or in the provision of brokerage services because of race, color, religion, sex or national origin is prohibited by Title VIII of the 1968 Civil Rights Act (Federal Fair Housing Law).

CML RIGHTS: The applicant will be required to comply with Title VI of the Civil Rights Act of 1968, 1974, and 1988 and shall not be discriminated against upon the basis of race, color, national origin sex, age, handicap or familial status in sale, lease rental, or use of occupancy of the subject property.

A) Loans funds are to be used only to pay for those repairs that are necessary to bring the home up to Section 8 standards as determined by the Rehab Tech. To meet these standards: a bathroom must have a sink, a toilet and either a shower or tub, and a source of ventilation (either a fan or a window). There must be hot and cold running water and drains that work properly. The sanitary system must be operable and sanitary, heating systems and electrical systems must meet state codes. The structure itself must have a weathertight roof, with no leaks. Ceiling and floors must be sturdy without any cracks or other defects. Lead base paint must be eliminated where children under six years of age live. General repairs will be undertaken to correct deteriorating steps, walls, ceilings, roofs, chimneys and foundations. Loan funds will also be used to make homes more energy efficient. This will

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entail caulking or weatherstripping around windows and doors where necessary to eliminate drafts, repair or replace windows and doors. In cases where insulation and siding are needed, alternative funding sources will be reviewed. Limited demolition of sheds, porches, garages will be undertaken only when necessary for the removal of hazards. Loan funds may be used for constructing housing related improvements to meet special needs of handicapped persons. All homes will be equipped with hardwired battery backup smoke alarms.

B) Whenever the disposal of any property, real or otherwise, results in the sale of such property, all of the proceeds shall be reported to the Municipal Treasurer. Funds so derived may be used to carry out the purposes and intents of the Housing Rehabilitation Program. The Municipal Officers shall have the right and authority to dispose of any property acquired under the provisions of the Housing Rehabilitation Program, as may be recommended by the Program Director and CD Advisory Board and as deemed to be in the best interest of the Town.

C) No property, real or otherwise, shall be taken by eminent domain proceedings with any funds obtained through this Program. Acquisition shall be made by the "willing seller, willing buyer" concept.

D) At the time of acquisition, the owner may be extended a "first option" to reacquire the land at a cost not to exceed the Town's cost of land acquisition and lot grading, within 30 calendar days of the date the Rehab Tech determines that demolition is complete and the lot brought to proper grade, under such terms and conditions as the Municipal officers shall deem to be in the best interest of the Town. In the event the owner does not wish to exercise first obtain privilege, the Municipal officers shall have the right to dispose of the land under such terms and conditions as they deem to be in the best interest of the Town.

E) The Rehabilitation Technician shall be responsible for work specifications, daily and final inspections of the rehab work being performed and advising the Program Director on technical construction details as necessary.

F) If it is found that the applicant has misrepresented any statements on the application form, the Program Director shall reserve the right to cancel any project approval, and if work has already started, to issue a stop work order to the contractor. If work has been completed, the applicant will be required to make arrangements to repay any funds used to rehab their property.

G) No Municipal Officer of the Town of Skowhegan who exercises any function or responsibility in connection with the administration of this program shall have any interests, direct or indirect, in the proceeds of any grant, or in any contract for labor or materials entered into by the applicant or any contractor during any grant project. Municipal Officers shall be defined as members of the Community Development Staff, the Board of Selectmen, Town Manager and members of the CD Advisory Board.

H) All applicants shall maintain adequate homeowners insurance on their property for the full term of the loan.

I) If the cost of the rehab work exceeds the amount of financial assistance to be provided because of the overall condition of the unit, the CD Advisory Board will review the work specs and decide if the work called for is necessary to accomplish the program's goals. If they decide that all the work must be accomplished, the homeowner will be requested to make some arrangements to finance the extra cost of the rehab work. The CD staff will assist the applicant finding and in filling out applications for other funding sources.

#### **IX) Contractors**

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A) Heating, Electrical and Plumbing contractors shall possess current licenses issued by the appropriate State agency.

B) Contractors wishing to participate in the Housing Rehabilitation Program are required to carry sufficient full and complete Worker's Compensation Insurance, and must supply the CD office with proof of this. The Contractor shall furnish evidence of a Comprehensive Liability Insurance coverage protecting the owner for not less than

\$100,000 - \$300,000 Bodily Injury or Property damage arising out of the work performed by the Contractor. Contractor must also provide the office with three references, one supplier and two homeowners familiar with Contractor's work. Any contractor who is on HUD's list of disbarred or ineligible contractors will be prohibited from participating in this program.

C) All contractors must agree to guarantee their work for one year from date of completion.

D) All Contractors will ensure that any work requiring a license will be done by person with that State of Maine license. If there is any questions the local Code Enforcement Officer will have the final say.

## **X) Definitions**

A) Penalty Charge- for any loan payment over 60 days late there will be a 10% interest late charge for the outstanding late payments.

B) Amendments- Any amendment to the Town of Skowhegan Housing Rehabilitation Program Guidelines which are recommended by Community Development staff, must be approved by the Town of Skowhegan Community Development Advisory Committee.

C) Deferred Loan- is a loan to the client that does not require he/she to pay the money back until the property ownership has changed or the primary residence is no longer at the housing unit. At the time of ownership change the loan would be paid back, with interest, if required by the loan agreement.

D) Family - this refers to all persons living within the housing unit if their primary residence is within the housing unit.

E) Total Household Income - for the purpose of this program, total household income shall include earned income from any household member at least nineteen (19) years old and all unearned income regardless of household members age.

F) The term disabled -shall be construed to mean a physical condition or impairment which requires special structure modifications, such as, but not limited to, ramps, widened doorways, toilet and light fixtures or other similar improvements to facilitate ready access to and use by disabled occupants, ie., persons confined to a wheelchair or requiring the use of crutches or other similar devices to assist those incapable of negotiating steps into the structure because of old age or physical infirmity.

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